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Viewing cable 09BUENOSAIRES839, ARGENTINA: KIRCHNERS AND LABOR LEADER MOYANO RENEW

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Reference ID	Created	Released	Classification	Origin
09BUENOSAIRES839	2009-07-16 21:49	2011-08-30 01:44	CONFIDENTIAL	Embassy Buenos Aires

Appears in these articles:

<http://www.lanacion.com.ar/1357488-moyano-visto-como-un-maton-por-eeuu>

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OO RUEHWEB

DE RUEHBU #0839/01 1972149
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FM AMEMBASSY BUENOS AIRES
TO RUEHC/DEPT OF LABOR WASHINGTON DC IMMEDIATE
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C O N F I D E N T I A L BUENOS AIRES 000839

SIPDIS

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E.O. 12958: DECL: 06/15/2024
TAGS: [PGOV](#) [PREL](#) [ELAB](#) [AR](#)
SUBJECT: ARGENTINA: KIRCHNERS AND LABOR LEADER MOYANO RENEW
THEIR MARRIAGE OF CONVENIENCE

REF: A. BUENOS AIRES 0750
[1](#)B. BUENOS AIRES 0752

Classified By: CDA Tom P. Kelly for reasons 1.4 (b) and (d)

11. (C) Summary: Argentine President Cristina Fernandez de Kirchner (CFK) and her husband, former President Nestor Kirchner, are solicitously rewarding General Workers Confederation (CGT) leader Hugo Moyano in order to ensure his support at a time when many others seem to be defecting from government ranks. First, the Kirchners named CGT lawyer Mariano Recalde to head Aerolineas Argentinas. Next, they withdrew a subcabinet nomination in the Health Ministry that threatened CGT control over healthcare subsidies worth millions. Later, they freed up money owed to transportation companies to offset indirectly the costs of a 17% wage increase for Moyano's main supporters, the truck drivers. These decisions have strengthened Moyano's standing within the CGT at a time when he himself is facing challenges to his leadership within the CGT and seem to have bought the Kirchners, for at least a little while longer, Moyano's continued support. This has made the ruling first couple more dependent than ever on organized labor, which is willing, ready, and able to exploit its enhanced leverage over the government. End Summary.

The Battle for Control over the CGT...

12. (SBU) In the wake of CFK and NK's June 28 midterm electoral defeat (ref A), the political star of long-time Kirchner ally and labor leader, Hugo Moyano, also appeared to be fading. Immediately after the elections, rumors began circulating that Moyano's rivals were conspiring to remove him as head of Argentina's powerful General Workers' Confederation (CGT). In particular, some union leaders were chafing at Moyano's discretionary dispensation of government subsidies as a means to exert control over other union leaders.

13. (SBU) The unions seeking to remove Moyano are the very ones who helped him climb to the top in the first place. They include "Los Gordos" (The Fat Guys), "The Independents", as well as the "Dissident CGT-Blue and White" led by Luis Barrionuevo, the outspoken and powerful head of the Food Service Union, who left the CGT umbrella last year, taking 15 unions with him. In an attempt to isolate Moyano, "Los Gordos" have publicly withdrawn from the CGT's Board of Directors and refuse to participate in meetings convoked by Moyano. They have agreed to meet with "The Independents" and Barrionuevo in late July to discuss ways to wrest control from Moyano. According to left-of-center newspaper "Critica," some are calling for an emergency CGT Congress to vote on whether Moyano should stay or go. Others suggest pressuring Moyano to return to a tripartite leadership structure that was in place when former President Nestor Kirchner (NK) first took office in 2003.

...and GOA Healthcare Subsidies to Unions

14. (SBU) After Health Minister Graciela Ocana resigned on June 29, Moyano lobbied the Casa Rosada to name a replacement who would be more favorably disposed to union control over the MOH's Special Medical Programs Agency (APE) which distributes over USD 342 million (AR\$ 1,300 million) a year to reimburse labor unions for healthcare costs. (Note: Previously, Ocana had waged a long and ultimately unsuccessful battle with Moyano for control of the APE, arguing for enhanced MOH oversight of the program when she discovered that unions were not providing adequate documentation to back up their claims for healthcare reimbursements. Many believe that this is one of several reasons why she resigned.) On July 1, however, CFK named vice-Governor of Tucuman Province and medical doctor Juan Manzur as her new Health Minister (ref B).

15. (SBU) On July 6, Manzur promptly named his trusted advisor, Mario Koltan, to replace Moyano's right-hand man,

Hugo Sola, who was serving as APE's Acting Director. In taking over the helm, Koltan indicated that he sought to implement a more transparent and equitable distribution of APE funds among the unions. (Note: Many labor leaders had complained that Sola used APE funds as a means to reward Moyano's supporters and punish his detractors.) Moyano's detractors in the CGT celebrated Koltan's appointment,

believing it to be a clear sign from the Government that it was scaling back its support for Moyano.

Moyano Flexes His Muscles

¶6. (SBU) Moyano, however, reportedly complained to former President Nestor Kirchner and Planning Minister Julio DeVido about the Koltan appointment. He also took to the airwaves on July 7 to praise Kirchner archenemy and former President Eduardo Duhalde. In what many viewed as a not-so-veiled threat to switch allegiance from Kirchner to Duhalde he said, "I am not against Duhalde. He took charge in 2002 when Argentina was in a grave situation. I have spoken to him many times and may seek to do so again. At times, we Peronists are divided, but we are always in continual dialogue." When asked about the possibility of Duhalde heading the Peronist Party, Moyano (who is a vice president of the Peronist Party) stated that he would agree if other Peronists supported the decision.

¶7. (SBU) It appears the Casa Rosada got the message loud and clear. On July 8, a mere 48 hours after Koltan's appointment, CFK accepted his "resignation." Moyano's man, Sola, has resumed his job as APE's Acting Director. In the following days, the GOA announced that it would disburse an additional 256 million pesos (USD 67.4 million) to APE to reimburse labor unions for providing healthcare to its affiliates-- a significant boost to Moyano's coffers.

CGT Lawyer Named to Oversee Airline Nationalization

¶8. (SBU) On July 7, CFK shuffled her Cabinet (ref C) and named CGT lawyer Mariano Recalde the new head of Aerolineas Argentinas. Recalde, 37, is the son of National Deputy Hector Recalde, a Moyano ally, coordinator of the CGT's Legal Committee, and chair of the Committee on Labor and Social Security in the Chamber of Deputies. The Recalde appointment virtually assures Moyano control over the recently re-nationalized and heavily subsidized airline, where unions are strong and have precipitated many labor conflicts.

An Emboldened Moyano Asserts Control Over CGT...

¶9. (SBU) Emboldened by this show of Casa Rosada support, Moyano met with his supporters on July 8 to assert his control over the CGT. Staunch Moyano ally Omar Viviani, head of the taxi drivers association, told the crowd that the CGT leader would not allow dissident leaders to "put conditions on his leadership." Only about 24 hours after lauding Duhalde, Moyano also told supporters that he would continue to "defend the Kirchner model and support the changes Kirchner proposes."

...And Holds Out for Wage Increases

¶10. (SBU) Moyano's newfound leverage also helped his efforts to negotiate higher wages from the transportation sector for his union, the truck drivers. Transportation Secretary Juan Pablo Schiavi agreed to reimburse transportation companies 470 million pesos (USD 123.7 million) in social security payments to offset the costs of funding a 17% wage increase for truck workers. In another win for the union leader, the Ministry of Labor agreed on July 14 to Moyano's proposal to hold minimum wage negotiations between the CGT and Argentina's Chamber of Industry. Moyano has publicly called for a 20% increase in the minimum wage.

¶11. (SBU) Now that the Kirchners have publicly cast their lot with him, Moyano has stepped up his efforts to defend the Kirchner model, singing the praises of Domestic Commerce Secretary Guillermo Moreno for his interventions in the economy. Moyano also backed Kirchner's statements that "traitors within the Peronist party" and the "politics of old" had contributed to NK's mid-term electoral loss. In a July 14 interview with Radio 10, Moyano said that "although there is no barometer to measure one's loyalty to Peronism, there is a barometer to measure treason." In the same breath, he dismissed speculation that Peronist dissident Francisco De Narvaez and Buenos Aires City mayor Mauricio Macri could take control of the Peronist party. He also

endorsed CFK's call for a government dialogue with all sectors, saying "it is time to play down tensions." Later that evening, Moyano participated in a dinner hosted by the Casa Rosada for union and business leaders aimed at persuading them to participate in CFK'S dialogue.

Comment

¶12. (C) In the aftermath of their mid-term electoral defeat, many of the bulwarks of the Kirchners' political coalition -- Peronist governors, suburban Buenos Aires mayors, and industrialists -- have abandoned ship. Organized labor, a traditional bastion of support for the Peronists, is the last significant political force to remain within the Kirchner's tent. When Nestor Kirchner first took office in 2003, he needed organized labor's support to maintain social order while he addressed the economic crisis. Today, CFK needs union support to shore up the rapid erosion of her political base as well as to keep the peace amid deteriorating economic conditions. Moyano knows that the Kirchners' political fortunes have changed, and he has made it clear through his public flirtation with Duhalde that for now they need him more than he needs them. Moyano is pragmatic enough to join the exodus when the time is right, but he has decided for now to stay loyal in exchange for the concessions that the Kirchners have forked over with little resistance.
KELLY